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The (changing) consideration of social investment in the design of welfare benefits: The case of poverty relief in Austria

Karin Heitzmann¹  | Sandra Matzinger²

¹WU-Vienna University of Economics and Business/Institute for Social Policy & Research Institute Economics of Inequality (INEQ), Vienna, Austria

²Federal Chamber of Labour, Economic Policy Unit, Vienna, Austria

Correspondence

Karin Heitzmann, WU-Vienna University of Economics and Business/Institute for Social Policy & Research Institute Economics of Inequality (INEQ), Welthandelsplatz 1/1020, Vienna, Austria.

Email: karin.heitzmann@wu.ac.at

Abstract

The social investment perspective has become a prominent topic in both social policy discussions and theoretical considerations regarding welfare state change. Empirical evidence on how this perspective has affected welfare state provision is much scarcer—and sometimes contradictory. This article aims to assess whether welfare state benefits increasingly have incorporated elements of social investment, and what has triggered the reforms made to the benefits. To achieve these aims, we examined two poverty relief benefits in Austria, namely, unemployment assistance and social assistance. We scrutinized changes made to these benefits from 2000 onwards. To identify their (potentially changing) contributions towards social investment, we applied a framework that considers the economic aims of the paradigm (while neglecting other aims). According to this framework, a social investment benefit intends to improve the human capital of its recipients, enhance their employability, and/or enhance their employment integration. The findings suggest that the three elements of social investment were particularly relevant in reforming social assistance. However, the changes implemented were incoherent and do not support the hypothesis of an ever-increasing significance of social investment. The main triggers for reform were the political ideologies of (changing)

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governments. These ideologies determined the direction of changes made to both social assistance and unemployment assistance. If social investment thus ought to be more than just a theoretical concept or a nonbinding policy recommendation, modifications made to welfare state benefits would need to follow a more coherent path. Regarding poor relief benefits, Austria has not pursued such a track (yet).

KEYWORDS

Austria, poor relief, poverty, social assistance, social investment, unemployment assistance

1 | INTRODUCTION

"Social investment" has become a prominent ingredient in contemporary social policy research (Bonoli, 2013; Esping-Andersen, Gallie, Hemerijck, & Myles, 2002; Giddens, 1998; Hemerijck, 2017b; Morel, Palier, & Palme, 2012b). It represents a "new" understanding of welfare state objectives (which is not so new after all, see, e.g., Morel, Palier, & Palme, 2012a; Smyth & Deeming, 2016) that has been established against the background of pressing welfare state challenges. The concept is multifaceted. It focuses, inter alia, on increasing people's, and particularly children's, human capital (Heckman, 2000; but also Lister, 2003), on enhancing the number of people in paid employment (Bonoli, 2013; Cantillon & Vandenbroucke, 2014), and on ex ante rather than ex post social policies (Holzmann, Sherburne-Benz, & Tesliuc, 2003). An emphasis is also on social services rather than cash transfers (Ahn & Kim, 2015), on new social risks emerging from, inter alia, demographic changes (Taylor-Gooby, Dean, Munro, & Parker, 1999), and—from an analytical and a policy perspective—on a life-course perspective regarding social problems and social policies (Esping-Andersen, 2002; Kvist, 2015).

The concept enjoys broad scholarly, but also political support. International institutions, including the European Commission (2013), the OECD (2012) or the World Bank (Jenson, 2017), recommend its implementation. Some countries have traditionally strong investment states (e.g., the Nordic welfare states, van Kersbergen & Kraft, 2017), some have been early adapters (e.g., the Netherlands, see, e.g., Soentken, van Hooren, & Rice, 2017), some have been lagging behind. In Austria, for example, social investment has not been discussed much (Bock-Schappelwein, Eppel, & Mühlberger, 2009; Famira-Mühlberger, 2014; Heitzmann & Wukovitsch, 2015; Leoni, 2016), and empirical evidence on the relevance of this paradigm in welfare state policies is scarce. Nonetheless, important features of the social investment state have also started to play some role in this country (Leoni, 2016; Nikolai, 2012).

International organizations, including the European Commission (2013), stress that major social policy objectives may be achieved through a social investment state. Among others, the concept is projected to allow combating poverty, and particularly preventing the intergenerational transmission of poverty. This should make benefits targeted to the poor particularly relevant in judging whether and to what extent welfare states already have implemented social investment policies. However, while several empirical studies investigate the contributions of social investment in combating poverty or inequality more generally (Cantillon, 2011; Rovny, 2014; Solga, 2014; Taylor-Gooby, Gumy, & Otto, 2015; Vaalavou, 2013; Van Vliet & Wang, 2015), they usually do not focus on the contributions of poverty relief benefits in achieving these outcomes. Rather, they analyse other social policy areas, such as labor market policies, care-related policies or education.

This article aims to examine whether reforms made to poverty relief benefits in Austria, namely, to unemployment assistance (*Notstandshilfe*) and social assistance (*Sozialhilfe*, at times called minimum income benefit, i.e.,

Bedarfsorientierte Mindestsicherung), increasingly have considered characteristics of the social investment paradigm. To differentiate between different elements of this paradigm, we utilize a framework (Heitzmann & Matzinger, 2018) that suggests that benefits that attempt to (i) enhance the human capital of people, (ii) improve their “employability,” and/or (iii) assist them in entering, reentering or remaining in paid employment qualify as social investment benefits. In our assessment, we focus on the period from 2000 onwards—and thus the time, during which social investment has gained momentum both politically and in terms of scholarly assessments (Esping-Andersen et al., 2002; Giddens, 1998). We are not only interested in finding out which elements of social investment have been affected by past reforms, but also what has triggered these reforms. Concerning the latter, both different governmental compositions but also external influences (such as the financial crisis of 2008/2009) are likely factors to explain changes made to the benefits.

In what follows, we describe the research approach applied for this study. Section 3 presents the results of the empirical investigation. Section 4 then discusses the findings and proposes future research endeavors.

2 | RESEARCH APPROACH

Despite its broad academic coverage, social investment remains an elusive concept. Most notably, decisions on what qualifies as social investment differ in the research community. The concept is used as a synonym for the new welfare state (Hemerijck, 2017a), but also as a description of its “productive” or “active” part (as opposed to its “unproductive” or “passive” part, e.g., Bonoli, 2013; Giddens, 1998). However, even those who accept this latter duality disagree on how to differentiate between active social investment and passive social protection measures. Nolan (2013), among others, even argues that at the level of individual benefits, hardly any intervention is not in some way “productive.” Maybe because of the concept's elusiveness, empirical evidence on social investment still is relatively scarce. What's more, results of empirical investigations on the development of social investment vary—and sometimes even contradict each other (see, e.g., Heitzmann & Wukovitsch, 2015).

To add to conceptual clarity, which is a prerequisite for empirically studying social investment, Heitzmann and Matzinger (2018) proposed a framework that distinguishes between three elements of social investment. According to this framework, social policy benefits that attempt to (i) enhance the human capital of people, (ii) improve their “employability,” and/or (iii) assist them in entering, reentering or remaining in paid employment qualify as social investment benefits.

Enhancing human capital (Becker, 1993; Heckman, 2000, 2008) means equipping people with the appropriate skills, capacities, competencies and knowledge for the challenges of a modern labor market (Lundvall & Lorenz, 2012). Any intervention taken by the public sector that attempts to enhance the human capital of (future) workers, and thus their (future) productivity, thus qualifies as social investment intervention. This makes an important rationale for (early childhood) education and training, but also public health care as relevant policy fields for social investment. In a broader perspective, it also comprises measures that intend to raise the social and cultural capital of (future) workers (Bourdieu, 1992/1983).

Enhancing employability refers to individual, structural and/or normative impediments that hamper people from accepting or remaining in (preferably highly paid and permanent) employment (Fugate, Kinicki, & Ashforth, 2004; McQuaid & Lindsay, 2005). It thus relates to problems concerning *labor supply*. For example, informal caregivers may have difficulties to remain in (or enter into) employment, if formal care facilities are missing. Legal regulations (e.g., a mandatory state retirement age) incorporate impediments for the employment integration of some population groups. In addition, dominant values (e.g., concerning the employment of mothers with young children) affect the availability of potential workers for the labor market. Removing such obstacles enhances the chances of more people to enter into (or remain in) paid employment. Consequently, such interventions contribute to social investment.

Even if people are well educated/trained and employable, *entering or remaining in paid employment* still may be difficult to achieve due to, for example, sluggish labor demand. Consequently, welfare state benefits that focus on *labor demand* and attempt to assist as many people as possible to actually enter, reenter or remain in employment qualify as contributions to social investment. For example, allowing for short-term work in times of recession keeps unemployment low. Jobs offered in the sheltered labor market or wage subsidies paid to employers who hire low-skilled workers are further examples of measures that contribute to this element of social investment.

By contrast to other conceptualizations, the framework of Heitzmann and Matzinger (2018), which they developed against the background of human capital theory (Becker, 1976, 1993; Heckman, 2000), differs from previous attempts in several ways. First, it only considers the economic aims of the paradigm (for other aims, see, e.g., Bothfeld, 2016; Kaps, Bothfeld, Brüssig, Hofmann, & Knuth, 2017; Schröder, 2012). Second, its unit of analysis are single benefits rather than aggregate policy fields. Thus, instead of studying, for example, changes in active and passive labor market policy (e.g., by comparing their expenditures), it requires examining each benefit of labor market policy separately. Third, it focuses on the *intended* contributions of benefits rather than on their realized outcomes, returns or actual impacts. This means that the design of the benefit is at the core of the analysis, and thus its *projected* aim(s) and contribution(s). Fourth, it acknowledges that benefits might have both a protection and an investment function. However, it also recognizes that it is not possible to quantify the exact magnitudes of these two functions. Thus, the results of the analysis will be benefit-specific and hamper comparisons between benefits.

Because of its particularities, the empirical application of the framework demands a different research approach than employed in most research on social investment so far. Most notably, studying the *design* of the benefits requires examining the (specified) aims, eligibility criteria (including the conditions under which benefits are not granted any longer), the type of assistance provided (e.g., cash or in-kind transfers, services, regulations), or the modes of delivery (e.g., at national, regional or local level; amount of discretion in decision-making). Obviously, one indicator that holds sufficient information on all of these different dimensions does not exist. Rather, different types of data need to be taken into consideration. This makes an empirical exercise quite extensive and its results rather idiosyncratic. The latter clearly hampers comparing social investment contributions between benefits, let alone between countries. Table 1 suggests some guiding questions that may help in detecting relevant information on the contributions of benefits to the three elements of social investment.

In terms of information needs, both federal and national legislations are vital information sources on the design of individual benefits—and a document analysis of these sources the principal research method applied. Given the emphasis of this article on changes made to the benefits over time, the analysis focused not only on current regulations, but also on the revisions made to the legal framework from 2000 onwards. In addition to information on the specific regulations, scientific assessments of the benefits (and changes thereof over time) were valuable information sources. This type of literature enabled capturing information on both the reasons that led to the reforms of the benefits and the (expected or realized) impacts of the benefits in question.

Information for the empirical analysis derives from an extensive literature review, including a document analysis of gray articles, reports, and legal regulations. For the analysis of unemployment assistance, the relevant law was scrutinized for the period between 2000 and 2019 (<https://www.ris.bka.gv.at/>). Data on changes made to the benefit also derived from official reports, for example, by the Ministry of Social Affairs (BMASGK, 2018a; 2018b; 2019; BMASK, 2017) or the public employment service (PES; Arbeitsmarktservice Österreich, 2001, 2006, 2011, 2015, 2016, 2018).

Information on social assistance derived from the relevant legislations (<https://www.ris.bka.gv.at/>). Given that the benefit is in the jurisdiction of the nine federal provinces rather than the nation state, information on this benefit has been more limited at the level of national institutions. The Ministry of Social Affairs, however, did commission some evaluation reports on minimum income benefit.¹ The Austrian statistical office is in charge of regularly publishing information on these benefits, including data on expenditures or the number and composition of the recipients

TABLE 1 List of questions to guide the detection of potential indicators for the three elements of social investment

Elements of social investment	Focus	Guiding questions
Human capital development	Enhancing knowledge, skills and competencies of people	Is human capital formation or development an explicit target of the benefit? Does eligibility to the benefit depend on human capital formation or development? Does the type of assistance and/or the modes of delivery positively influence human capital development? Is eligibility to the benefit a requirement to be eligible for other measures enhancing human capital?
Employability	Removing individual, structural, and normative barriers that hamper people from entering (or remaining in) employment (supply side perspective of the labor market)	Is enhancing employability an explicit target of the benefit? Do eligibility criteria require potential recipients to enhance their employability? Does the type of assistance and/or the modes of delivery positively influence employability? Is eligibility to the benefit a requirement to be eligible for other measures enhancing employability?
Employment integration	Maintaining or enhancing the number of people in employment (demand-side perspective of the labor market)	Is employment integration an explicit target of the benefit? Do eligibility criteria require potential recipients to remain in or enter employment? Does the type of assistance and/or the modes of delivery positively influence employment integration? Is eligibility to the benefit a requirement to be eligible for other measures that assist recipients in entering or remaining in employment?

Source: Own illustration; based on Heitzmann and Matzinger (2018).

(Pratscher, 2012, 2019). Some provinces, including Vienna, annually publish data on the benefit (<https://www.wien.gv.at/kontakte/ma40/downloads.html>). Some (mostly regional) evaluation studies complement the main information sources utilized for the analysis of this transfer (Bergmann, Riesenfelder, & Sorger, 2012; Bock-Schappelwein, 2004; Bock-Schappelwein et al., 2016; Riesenfelder, Bergmann, Sorger, & Danzer, 2014). If not mentioned otherwise, information on the benefits in the following sections derives from these sources.

3 | RESULTS

In what follows, we illustrate changes made to two poverty relief benefits in Austria within the last two decades (2000–2019). This enables us to see which elements of social investment, if any, have changed over time. We also provide information on the reasons for these amendments. This allows us to identify what has caused them.

We start by providing some background information on the role of the two poor relief benefits examined, namely, unemployment assistance and social assistance.² We describe the (changing) circumstances within the period studied, as they might provide important rationales for reforming the benefits. Then we proceed with a detailed analysis of the reforms implemented with regard to each of the two benefits in question.

3.1 | Setting the scene: Unemployment assistance and social assistance in times of multiple changes of government coalitions and a variety of socioeconomic challenges

Unemployment assistance and social assistance form part of the so-called third pillar of the Austrian welfare state (alongside the first pillar, i.e., insurance benefits, and the second pillar, i.e., universal benefits). The third pillar includes all means-tested and subsidiary benefits granted in case of need (BMAŠK, 2016a). Overall, expenditures for this pillar only account for some 10% of total social security spending (BMAŠK, 2018b, p. 42). Social assistance and unemployment assistance are, together with equalization supplement³ (*Ausgleichszulage*), the largest of these benefits. In 2018, social assistance has been granted to some 290.000 people (Pratscher, 2019, p. 851), that is, 3.3% of the total population in Austria. Unemployment assistance has been delivered to an average of 143.000 persons (Arbeitsmarktservice Österreich, 2019, p. 26), or 2.6% of the population in working age (20–64 years). People in need, whose unemployment benefit has expired, may be entitled to unemployment assistance. Social assistance is available to all citizens in need, regardless of previous employment records. Concerning their composition, studies suggest that recipients of social assistance are more heterogeneous than those of unemployment assistance (Bergmann et al., 2012, p. 8ff). Many of the former face multiple problems. While those in working-age are in principle able to work, many are not immediately job-ready (Bergmann et al., 2012; Bock-Schappelwein et al., 2016, p. 37ff).

Regarding welfare state development in Austria more generally, Österle and Heitzmann (2020) differentiate between three reform periods from 2000 onwards. These sequences, whilst influenced by socioeconomic factors, political developments and dominant ideas, correlate highly with changes in coalition governments. During the first period, between 2000 and 2006, several center-right coalitions of the conservative People's Party (ÖVP) and the right-wing Freedom Party (FPÖ/BZÖ) governed Austria. The ÖVP emphasized changes of structural rigidities and favored privatization. At the center of the FPÖ agenda was the issue of immigration. During the second period, between 2007 and 2017, center-left coalitions between the Social-Democratic Party (SPÖ) and the ÖVP formed the government. In socioeconomic terms, both, the global financial crisis from 2008/2009 and a large inflow of refugees in 2015, marked this period. In 2018, Austria moved into a third period with the return of the coalition between the ÖVP and the FPÖ. This government—and thus the third period—ended prematurely in 2019, after a political scandal involving the leader of the FPÖ. For 7 months, the federal president installed an expert cabinet, which—after general elections—was replaced by a center-left government consisting of the ÖVP and the Green Party in 2020.

3.2 | Reforming unemployment assistance: Between reduced entitlements and increased protection

Overall, changes made to unemployment assistance coincide with the reform sequences suggested by Österle and Heitzmann (2020). During the first period, when center-right governments were in power between 2000 and 2006, changes implemented led to both a reduction of the average benefit level and a tightening of eligibility criteria.⁴ For example, family supplements were reduced, replacement rates were lowered, eligibility to the benefit was limited to people who were looking for a job for at least 20 hours per week,⁵ qualifying periods were extended and sanctions aggravated (Fink, 2019; Obinger & Tálos, 2010). In addition, pressures to reenter quickly into paid employment were enhanced (Atzmüller, 2009). The government implemented all of these changes with the objective to reduce social expenditures and to enhance employment integration, particularly of the long-term unemployed. In terms of the three elements of social investment, the reforms implemented only relate to the objective of employment integration. However, the measures taken enhanced work incentives for benefit recipients (Fink, 2019, p. 223f). They qualify as “incentive reinforcement” (Bonoli, 2012, p. 184). Whether these workfare-like measures qualify as social investment largely depends on how one defines the latter (Bonoli, 2012, p. 185).

When the grand coalition of SPÖ and ÖVP came into power in 2007, the second period of welfare state change started. This time, eligibility to benefits from unemployment insurance was extended to cover different groups of the self-employed (BMASGK, 2019, p. 43f). Moreover, the long-term unemployed, who were not entitled to unemployment assistance due to high incomes of their partner, have been covered by health insurance (BMASGK, 2019, p. 40). With the introduction of minimum income benefit from 2010 onwards (see below), further reforms affected the level of the benefit—thereby strengthening its minimum income element (BMASK, 2016b). For example, the reduction of unemployment assistance due to the high income of one's partner was limited to the level of minimum income benefit established for couples. With this and other changes, therefore, the protection (rather than the investment) element of unemployment assistance has been at the core of the reforms—with hardly any further relevance concerning the three elements of social investment.

In the third period (2018–2019), the center-right government planned to abolish unemployment assistance and to merge it with social assistance (Neue Volkspartei & Freiheitliche Partei Österreichs, 2017). This would have signified the start of a third period of reforms regarding unemployment assistance. However, due to the premature termination of the government coalition, this plan was not realized.⁶

To sum up, changes in the regulations concerning unemployment assistance have not undergone major reforms that would qualify as a deliberate turn towards more social investment. Eligibility to the benefit was linked more closely to the obligation to enter into paid employment in the first period of reform, thus touching upon this element of social investment—even though the measures applied do not necessarily qualify as social investment. Reforms of the second period targeted the benefit level of low-income groups and extended benefit coverage to the self-employed. These changes enhanced the protection function of the benefit. Both types of reforms were the result of (different) political ideologies of center-right and center-left governments, rather than a response to the social investment discourse, which indeed does not appear to have played any role with regard to changes made to unemployment assistance in the past.

3.3 | Reforming social assistance: From social assistance to minimum income benefit and back

Between 2000 and 2019, we can distinguish three periods of social assistance legislation in Austria—which correspond only in part with the general sequence of welfare state change mentioned previously (Österle & Heitzmann, 2020). The beginning of the first period already dates back to the 1970s (Melinz, 1989). Then, each of the nine Austrian provinces implemented different laws on social assistance (Dimmel et al., 1989; Pfeil, 2001). They all relied on similar principles, for example, concerning subsidiarity, work obligations or discretion as the principle mode of decision-making. However, they also differed substantially, for example, in terms of benefit levels or the generosity, with which they were granted (Otter & Pfeil, 2011; Stelzer-Orthofer, 2011). Not least due to these regional differences, the national governments undertook several attempts to harmonize the nine laws. They were only successful in this endeavor in 2010, because of a joint effort of both the national and the regional governments. 2010 thus marks the beginning of the second period of social assistance legislation. Interestingly, the reform was implemented despite the deteriorated economic environment due to the global financial and the subsequent fiscal crisis in Austria—not least as different national and regional actors have prepared the reform for several years and did not want to postpone the reform any longer. Based on an agreement between the national and regional governments (Dimmel & Pratscher, 2014), the provinces harmonized eligibility criteria and minimum levels of the benefit, which was called minimum income benefit henceforth. Despite harmonization, regional differences prevailed, particularly due to decision-making by discretion (see, e.g., Leibetseder, 2015). The state-provinces' agreement on minimum income benefit expired by the end of 2016. While the national government wanted its prolongation, the large numbers of refugees that entered Austria in 2015 put enormous pressure on the federal budgets. Notions of “deservingness” started to dominate the public debate on minimum income benefit, particularly regarding

beneficiaries with a migrant background (Österle & Heitzmann, 2020). The federal provinces, consisting of governments in which either the social democrats or the conservatives were in power, disagreed on how to deal with these new challenges and the changed attitudes of the population towards the refugee crisis. They thus allowed the agreement to expire. From 2017 onwards, therefore, the regional laws started to diverge again, leading to a third period of social assistance legislation. Some provinces, such as Upper Austria, started to grant lower benefits to people with a migrant background. Others introduced maximum benefit levels for larger households and/or excluded citizens that had not been living in Austria for the past 5 years (e.g., Lower Austria). The courts, including the European Court of Justice, have repealed several of these regulations since.⁷ In 2019, the then center-right government wanted to harmonize the benefit again. This time, it forwarded a national law on social assistance (thereby also reinstating the old notion of the benefit). The government copied the more restrictive regulations of some of the provinces (most notably of Upper and Lower Austria). For example, the law established maximum (rather than minimum) benefit levels and lower benefits for people with insufficient language skills. The provinces were required to adopt their regional laws according to the new national legislation up until 2020. Meanwhile, however, the Austrian Constitutional Court has repealed some of this new legislation on social assistance.⁸ As the ÖVP-FPÖ coalition is no longer in power, it is not yet (May 2020) clear, how the current coalition government and/or the provinces will proceed.

In the following, we summarize the intended contributions of social assistance/minimum income benefit to the three elements of social investment for each of the different periods of legislation. As the federal laws often diverge from each other, we focus specifically on the province of Vienna, as more than half of all beneficiaries of social assistance/minimum income benefit resided in the capital city during the last two decades (Pratscher, 2012, 2019).

3.3.1 | Human capital development

During the first period of social assistance legislation (1970s–2010), there was hardly any focus on human capital development. Most of the federal laws included a general stipulation, according to which general counseling and support might be provided. However, it was left to the discretion of the civil servants at the local level, whether this type of support was delivered.

During the second period (2010–2016), minimum income benefit included a stipulation, which required beneficiaries that were fit to work to enter into employment or to engage in qualification programs. The latter condition clearly refers to human capital development. In comparison to the first period, moreover, there was a more explicit emphasis on labor market (re)integration—and an alignment of important notions (e.g., on the availability for and the willingness to work) with the regulations in unemployment insurance (Leibetseder & Woltran, 2011; Weißensteiner, 2011). Most notably, recipients of minimum income benefit became an explicit target group of the PES—and were obliged to register with this labor market organization (Arbeitsmarktservice Österreich, 2013). In 2016, 45% of all recipients of minimum income benefit were registered with the PES, even though they were not entitled to insurance benefits (Arbeitsmarktservice Österreich, 2017, p. 23). Between 2012 and 2016, their proportion increased by 50%. PES expenditures for this group, which particularly consumed active labor market programs, even enhanced by almost 70%, suggesting an increase in spending per capita. Mitter (2011) shows that the closer link to the PES indeed inspired beneficiaries of minimum income benefit. More than 80% suggested that they benefitted from the closer connections with the PES. A further improvement of the minimum income laws referred to the full inclusion of all beneficiaries in public health insurance (Weißensteiner, 2011). Prior to 2010, recipients of social assistance had to apply for specific certificates to consume health services. This was considered as stigmatizing and added to the non-take-up of health services (Fuchs, 2009; Fuchs, Schmied, & Oberzaucher, 2003; Weißensteiner, 2011). Having obtained full and equal access to health services ought to have positive repercussions on human capital per se. The policy change thus may be considered as an additional contribution to this element of social investment.

After the state-provinces' agreement on minimum income benefit expired by the end of 2016, the laws of the provinces started to diverge again—and the third period of social assistance legislation started. Vienna only adopted a revised legislation in 2018. Contrary to many other provinces, the capital city, which was governed by a coalition of the Social-democratic Party and the Green Party, decided to enhance its focus on human capital development. For example, the law required beneficiaries to participate in basic education offers, in courses that prepare people to enter into higher education or qualification programs. A specific focus was set on young adults below the age of 25. If they had not obtained a professional qualification, they had to be included in a respective measure. Thus, rather than a “work-first approach”, a “qualification-first approach” was adopted, at least for younger adults—hence enhancing the contribution of the benefit to human capital development.

The national law on social assistance that ought to be implemented in 2020 would have put the rather generous stipulations in Vienna on a hold. The most recent regulation no longer refers to human capital development. Rather, people not having concluded compulsory education in Austria or that do not obtain over sufficient German or English language skills only qualify for a reduced cash transfer. Even though the provinces are required to offer in-kind support for these beneficiaries in order to help them achieve the necessary qualifications, they are not obliged to do so, nor do (potential) beneficiaries have a right (or an obligation) to attend such programs. Hence, low levels of benefits serve as incentives to engage in human capital development, which, however, is regarded as a private responsibility of the poor. Compared with the previous legislation on minimum income benefit in Vienna, this would clearly signify a decrease concerning public efforts in developing human capital. As mentioned earlier, the Austrian Constitutional Court has repealed parts of this national law on social assistance since. The current government has not yet taken steps to adjust the legislation—and Vienna has not yet implemented the national law.

3.3.2 | Enhancing employability

In terms of employability, social assistance legislation in Vienna did not focus on this issue during the first period, and thus up until 2010—with the exception of the above-mentioned general stipulation to provide counseling and support. A similar stipulation was included in the laws on minimum income benefit implemented after 2010, and thus during the second period. In addition, and as mentioned above, the legislation required recipients of the benefit to register with the PES and to utilize its services, which also included programs to enhance employability (Arbeitsmarktservice Österreich, 2019). In 2018, the Viennese law on minimum income benefit was revised. It explicitly stated that beneficiaries that are fit for work had to participate in programs that attempt to enhance employability. It thus introduced a key notion of the social investment discourse. Not least against the background of increased numbers of refugees in Vienna, beneficiaries with a migrant background were required to participate in programs that helped to identify their competences and work-related skills for the Austrian labor market—with likely benefits to their employability. Furthermore, the poor were required to attend programs on activation, orientation, counseling, coaching, or integration; thus another focus on impediments to employment. The law also introduced a case management approach for people not fit for work. They were required to attend rehabilitation or employment programs. For adults under the age of 25, the revised Viennese legislation stipulated that assistance through social work or psychosocial counseling ought to be provided. This yet again confirms that there has been a focus not only on qualifying people (and thus developing their human capital), but also on reducing hurdles to employment more generally (thus enhancing employability). This is also referred to in one of the targets of the revised legislation. It stipulates that beneficiaries in working age ought to be integrated (or reintegrated) *sustainably* into the labor market. Thus, the *long-term* inclusion into paid employment was established as an explicit aim of the benefit.

Due to the requirement of implementing a new legislation, minimum income benefit was destined to become social assistance benefit again from 2020 onwards. In this most recent legislation, there is no longer a focus on employability. Rather, being employable has been constructed as an eligibility criterion to qualify for the full benefit.

This suggests that the revised benefit—which, however, has not been adopted so far by most federal provinces—yet again would focus on a work-first approach.

3.3.3 | Enhancing employment integration

In terms of employment integration, the first period of social assistance legislation clearly focused on a work-first approach. While it referred to empowerment (by requiring that civil servants provide that type of assistance that ultimately makes the beneficiary independent from this benefit: this could involve qualification programs but also support regarding child care obligations), (fast) employment (re)integration was key. This is evidenced by the stipulation that beneficiaries that are fit to work ought to accept jobs below their qualification. Also in the second and third period, when social assistance became minimum income benefit, the main objective remained employment integration. However, the emphasis was shifted towards *sustainable* or *continuous* employment integration (which often necessitates qualification first). As mentioned above, beneficiaries that were fit to work had to register with the PES from the second period onwards. Several of the programs offered by this labor market organizations assist people in entering employment by enhancing labor demand (e.g., by paying subsidies to employers who employ long-term unemployed people or by offering jobs in the sheltered labor market). These (and other) measures (see, e.g., Arbeitsmarktservice Österreich, 2019) thus aimed at enhancing employment integration—with potential positive repercussions on human capital development as well. With the most recent Austrian social assistance law, the work-first approach has been strengthened. By contrast to the two previous periods, however, *sustainable* or *continuous* employment integration is no longer mentioned as a key target. Rather, the relevant objective is employment integration per se.

The assessment of the different periods of legislating social assistance/minimum income benefit between 2000 and 2019 suggests that there has been an increasing awareness of and an increased focus on human capital development and employability, however, only until the end of the third period (at least in Vienna⁹). In the most recent national legislation, these social investment elements do not appear to play a significant role any longer. Rather, human capital development and employability are rendered as individual responsibilities, and constructed as necessary conditions to qualify for the full level of the benefit. Meanwhile, the Austrian Constitutional Court has repealed this requirement for migrants, who do not obtain over a sufficient knowledge of the German language, though. It is not yet clear whether and how the current government will adjust the legislation. Most provinces, therefore, did not yet implement the national law on social assistance.

4 | DISCUSSION

This article set out to examine whether reforms made to the design of poverty relief benefits in Austria during the past two decades increasingly have considered elements of social investment. We examined two Austrian benefits, one provided for the income poor in general (social assistance/minimum income benefit), and the other one provided for the long-term unemployed particularly (unemployment assistance). We were interested in finding out which elements of social investment, if any, have been affected by the reforms, and what has triggered the reforms of the benefits over time. In studying the contributions to social investment, we utilized a framework that only considers the economic aims of the paradigm, though, namely, human capital development and an enhancement of both employability and employment integration.

The results of the assessment suggest that despite being means-tested and (mostly) cash transfers, both benefits touch upon the elements of social investment, albeit to very different degrees (see Figure 1). Regarding unemployment assistance, employment integration was and is a key target. However, the measures applied to achieve this target resemble workfare rather than social investment. What's more, neither human capital development nor

PERIODS OF GOVERNMENT COALITIONS		
2000 – 2006 ÖVP-FPÖ/BZÖ coalitions (center-right)	2007 – 2017 SPÖ – ÖVP coalitions (center-left)	2018 – 2019 ÖVP-FPÖ coalition (center-right)
UNEMPLOYMENT ASSISTANCE		
2000–2006 Employment integration through incentive reinforcement: rather workfare than social investment (?)	2007 – 2017 Policy focus on protection rather than investment function	2018 – 2019 Plan to abolish the benefit (not executed)
SOCIAL ASSISTANCE		
2000 – 2010 Different stipulations in the Austrian <i>Länder</i> Generally: no explicit focus on human capital development or employability; employment integration through incentive reinforcement: rather workfare than social investment	2011–2016 Harmonized legislation Systematic focus on human capital development, employability and employment integration	2017 – 2019 Different stipulations in the Austrian <i>Länder</i> Vienna: enhanced focus on human capital development and employability of specific groups

FIGURE 1 Sequences of policy reforms, Austria 2000–2019.

Source: Own illustration

employability played or play a considerable role in the design of this benefit over time. There has been a tightening of eligibility criteria during the center-right governments at the beginning (2000–2007) and the end (2018–2019) of the period analyzed. During the period, in which center-left governments were in power (2007–2017), there was a strengthening of minimum income elements (and thus the protection function of the benefit). As may be derived from these developments, the changes made to the benefits were largely the result of changing political ideologies due to changing government coalitions.

Regarding social assistance/minimum income benefit, the results suggest that all three social investment elements have gained in importance between 2010 and 2016, after a harmonized regulation on minimum income benefit has been implemented in all nine Austrian provinces. Prior to 2010, the benefit, which is a legal competence of the Austrian *Länder* rather than the nation state, differed vastly between the provinces. From 2017 onwards, the routes of policy adaptation started to diverge again. Only some provinces, most notably Vienna, continued to implement reforms that are in line with the proposals of the social investment perspective. The law on social assistance that was passed by the national government in 2019 would have harmonized the benefit again. However, it would also have reversed the significance of social investment regarding this benefit. The Austrian Constitutional Court has repealed some of this most recent legislation, though. It is not clear yet (May 2020), how the center-left government in power will proceed. It might well be that it renounces to legislate social assistance at the national level and shifts the legal competence back to the federal provinces.

By contrast to unemployment benefit, the reasons for reforming social assistance have been more multi-faceted. In the first decade of the new millennium, the nine regional governments decided quite autonomously, how to design “their” social assistance benefits—with large variations between them. Due to a joint effort of both national and regional governments, minimum income benefit was harmonized from 2010 onwards. Interestingly, the benefit—which was in most provinces more favorable than compared with the previous social assistance benefits—was implemented despite rising socioeconomic challenges after the financial crisis had also hit Austria. It appears that the joint political effort thus has been stronger than the deteriorated socioeconomic environment. After the agreement between the nation state and the federal provinces expired in 2016, it has not been possible to prolong it. The provinces disagreed on how to proceed with the problems related to the refugee crisis of 2015. Therefore, different

political coalitions at the level of the Austrian *Länder* led to different laws on social assistance. Thus, the political responses to the refugee crisis at the level of the *Länder* outweighed the advantage of having a harmonized benefit for the poor throughout Austria. Only in 2019 did the national government introduce a regulation to harmonize the benefit again. This time, however, it forwarded a very restrictive law on social assistance, thereby adhering to the political ideologies of the then center-right national government.

Having studied the direction of changes made to the two poor relief benefits during the last two decades in Austria, the findings do not suggest a gradual realization of a social investment agenda (or, for that matter, any other long-term strategy). Rather, political ideologies that are inherent in the politics of middle-right or middle-left governments appear to have been the guiding principles of the reforms (at both the national and the regional levels). This has, for example, been the case with unemployment assistance, where different political objectives (work-first and activation vs. income security) led to different types of reforms over time. This has also been the case with regard to social assistance. After having introduced different elements of social investment from 2010 onwards, the most recent regulation—if implemented—would have signified an abandoning of many of these elements. Consequently, there is no evidence of a systematic consideration of social investment in developing poverty relief benefits in Austria within the past two decades—at least with regard to the economic aims of the paradigm. If this concept thus ought to be more than just a theoretical idea or a nonbinding policy recommendation, reforms would need to follow a systematic path—regardless of changes in governments and thus political ideologies.

In assessing the two poverty relief benefits, it has been possible to see that many more measures are targeted to or relevant for the recipients of both social assistance and unemployment benefit. Most notably, eligibility to both benefits depends upon utilizing programs offered by the PES. Within the last two decades, the very supply of this institution has changed—with an increasing focus on programs to develop the human capital of the beneficiaries, to enhance their employability, and to allow for (subsidized) forms of employment integration (BMASGK, 2019; 2018a). In addition, many other social policies are relevant for the population in general, including the poor. For example, Austrian family policy has been amended in the past two decades, inter alia by providing more incentives for fathers to take on parental leave or by expanding childcare facilities (Blum, 2010; Blum, Formankova, & Dobrotic, 2014; Dearing, 2016). These changes affect important impediments for mothers to remain in or enter employment. These and many other measures are available for all citizens, including the poor. As combating poverty and particularly preventing the intergenerational transmission of poverty is one of the—uncontested—normative targets of social investment, it might be a promising future research endeavor to examine more social policy measures—and their contributions to social investment—that are (also) available to the poor. The framework applied in this exercise could be helpful in conducting this type of research.

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ORCID

Karin Heitzmann  <https://orcid.org/0000-0003-4162-7566>

ENDNOTES

¹ https://www.sozialministerium.at/site/Service_Medien/Infomaterial/Downloads/?category1=value_13

² “Social assistance” was called “minimum income benefit” in the legislation from 2010 onwards. Only in the most recent national law, the notion of “social assistance” was installed again. In this article, we use the term “social assistance” as the general notion for this poor relief benefit.

³ Equalization supplement accrues to people who are eligible for a retirement pension, but whose social insurance-based pension does not achieve a certain threshold. As it targets people that are no longer available for the labor market, we abstained from including this benefit in our analysis.

- ⁴ For more information on the specific stipulations during the different periods, also with regard to social assistance, please consult the MISSOC-Homepage: <https://www.missoc.org/missoc-database/comparative-tables/>.
- ⁵ In case of caring responsibilities, this requirement was reduced to a minimum working time of 16 hours per week.
- ⁶ Interestingly, already the first center-right coalition government, established in 2000, planned to abolish unemployment assistance and to merge it with social assistance. However, this plan had not been realized then (Fink, 2019, p. 217f).
- ⁷ See, for example, the decisions of the Austrian Constitutional Court, VfGH 136/2017-19; VfGH 308/2018-8.
- ⁸ See the decisions of the Austrian Constitutional Court, VfGH 164/2019; 171/2019-24.
- ⁹ In other provinces (e.g., in Upper Austria and Lower Austria, in which the governors both were affiliated with the ÖVP), this focus already was reversed after the second period, that is, after the agreement on minimum income benefit between the national and regional governments expired by the end of the 2016.

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